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Retirement is something that most people look forward to - at least in theory. In reality, however, many people are either mildly apprehensive or downright scared about retirement because of the impending lifestyle changes and the financial requirements.

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The 2010 Retirement Confidence Survey (conducted by the Employee Benefit Research Institute) indicates that 27% of Americans have less than \$1,000 in savings for retirement, and that only 46% of workers have tried to calculate how much money they will need to have saved for retirement. While fear of retirement can motivate some people to take control of their finances and retirement planning, it can create a deer-in-the-headlights reaction in others; that is, some people simply do nothing about retirement. (Learn more, in [10 Steps To Retire A Millionaire](#).)

While it is certainly to one's benefit to plan early for retirement, it's never too late to stop staring at the headlights and start planning. Every bit of savings can help secure a more enjoyable retirement. Here are 10 things you should know before you retire.

1. **Your Retirement Expenses**

In order to start planning for your retirement, it is important to determine how much money you will need each year to live comfortably during your retirement years. While this amount will be different for each person or couple, the rule of thumb is that retirees should plan on living on 70-80% of their current annual income.

Many factors can affect this number, such as health care or expensive retirement hobbies, but this range is a good place to start. Retirement expense worksheets are helpful in estimating monthly financial requirements.

2. **Where Your Income Will Come From**

Once you know how much money you will need for retirement, you can strategize on how to meet these goals. Social Security, Employer-sponsored retirement plans, IRAs, annuities and dividends all provide retirement income. A session with a qualified financial planner can be helpful in deciding what will work best for your situations and goals.

3. **Personal Goals for Retirement**

Knowing your personal goals is important not just in terms of affordability, but also for quality of life during retirement. After long careers of working hard with limited free time, many people mistakenly assume that they will be satisfied doing nothing. This approach can be a set-up for disaster, not to mention a stressor on spousal relationships. Making plans for travel, learning, hobbies or volunteering can help smooth the transition into retirement and ensure that time is well spent.

4. **Plans for Maintaining a Healthy Lifestyle**

You know the old saying, "healthy body, healthy mind"? Part of a well-rounded retirement plan includes provisions for maintaining a healthy, fit lifestyle. A retirement can be more productive, fulfilling and enjoyable if a healthy lifestyle is emphasized. Eating well, exercising and staying hydrated are important to your mental and physical health no matter what your age, and can have a positive effect on your retirement.

5. **How Much Insurance You will Carry**

Insurance requirements may change once you retire. Certain policies will probably remain unchanged, such as automobile and homeowner's insurance policies (assuming you are still driving and living in a house). Life insurance needs, however, might change.

During retirement, life insurance needs are typically less important than when your family was depending on your full-time salary. Health insurance requirements should be addressed as well; especially in the case of early retirement - after your employer's group policy is no longer available, and before Medicare kicks in - careful planning is required to maintain adequate and affordable coverage.

6. **When to Apply for Social Security Benefits**

Of all Social Security recipients, many people have no other source of income during retirement. Although Social Security typically does not provide enough income to live comfortably, the benefits can be maximized with planning. Your monthly check will change depending on when you start receiving benefits, so it pays to consider your options. The Social Security Retirement Planner provides information regarding Social Security benefits, and when and how to apply.

7. **What Medicare Covers**

Medicare provides limited health insurance to people who are 65 or older (and in certain cases, to those who are younger than 65). Medicare benefits vary, and certain Parts require a monthly premium payment. Information regarding Medicare, including when and how to apply, can be found at www.medicare.gov/.

8. **What Happens with Your Estate**

Making plans for your estate is part of responsible retirement planning. Estate planning is complicated and subject to changing laws. As such, it is helpful to speak with a qualified attorney or estate planner to determine how best to handle your estate. Doing so can minimize estate taxation and ensure that your wishes are carried out. Reviewing (or creating) wills, trusts, Power of Attorney and advanced directives for medical care (such as a Durable Power of Attorney) are important steps in estate planning.

9. **How You will Care for Aging Parents**

In addition to preparing for retirement, many soon-to-be retirees must also plan for the care of aging parents. In some cases, the parents will not have saved or planned for long-term care and the adult children will need to cover the expenses. These additional costs can be a part of retirement expenses and need to be factored when determining monthly requirements.

10. **Know Your Budget**

All of these considerations are integral to your budget. Part of retirement planning requires knowing your budget - both pre-retirement and during retirement. Taking the time to figure out a budget can mean the difference between a stressful retirement and an enjoyable one. The budget should accommodate emergency expenses (for instance, replacing the roof), as well as provisions for achieving personal retirement goals, such as sailing around the world. Creating a realistic budget - and sticking to it - can greatly increase the enjoyment, and relieve the stress, of retirement.

The Bottom Line

Retirement can be daunting. Not only are soon-to-be retirees facing major lifestyle changes, paying for retirement can be the cause of a great deal of stress. Procrastination is the number

one enemy of retirement - not taking the time to plan ahead. Tackling these 10 important considerations can help ease the transition into a successful and enjoyable retirement. (Learn some sensible strategies for making your hard-earned savings last for as long as you need them. Check out [Managing Income During Retirement](#).)

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